

Keck Graduate Institute

Conflict of Interest Policy

Appendix A to the Code of Conduct

In some situations, an actual or potential financial or personal conflict, or the appearance of such a conflict, may arise between a particular member's outside interest, or the interest of a related party¹, and his/her obligation to the Institute. In such situations, the member's profit or advantage may come, or reasonably appear to come, at the expense or the well-being of the Institute, or otherwise be in violation of the member's fiduciary responsibilities including the duty of care and loyalty to the Institute. To avoid such situations the Institute has established this conflict of interest policy.

- A. Members may not have a direct or indirect interest, financial or otherwise, of any nature or assume any duty to another entity that unreasonably interferes with the community member's duties to the Institute, unless it has been fully disclosed and authorized by the appropriate authority at KGI as defined in section G of this document.
- B. No member or immediate family member² shall accept or solicit any personal gift, interest, favor or service that might reasonably influence the member in the discharge of his or her duties, or that the member knows or should know is being offered with the intent to influence his or her official conduct on behalf of the Institute.
- C. A member shall not accept other employment or engage in any consulting or other activity that he or she might reasonably expect would require or induce the employee to disclose confidential information acquired by reason of the community member's position with the Institute.
- D. No member shall disclose or use confidential information or opportunities gained by reason of his or her position at KGI, or otherwise use such information for his or her personal gain or benefit, without advance disclosure and approval by the appropriate authority at KGI.
- E. No member shall transact any business on behalf of the Institute with any related person or business entity of which the employee or an immediate family member

¹ Related parties include immediate family members (see note 2) and any controlled entity (i.e., an entity that the participant or a related person controls (or of which he/she shares control) through ownership, management or the power to direct management or policies)

² Immediate family members include grandparents, parents, brothers and sisters, children, grandchildren, nieces, nephews, and individuals related to these persons through marriage.

of the employee is an officer, agent or member, or in which any of them owns a substantial interest, without appropriate disclosure and approval of the appropriate authorities at KGI.

- F. As relationships between KGI and “spin-off companies³” pose particular challenges, the formation of any such entity, and the material terms of any arrangement for KGI space, facilities, equipment, services or other support, or any research collaborations that may develop, or any licensing or other use of KGI intellectual property, as well as any amendment to any such agreement, involving KGI or any officer, faculty or staff member of KGI, must be disclosed and reviewed in advance and authorized by the appropriate authorities at KGI, which in the case of spin-off companies includes the Board of Trustees.
- G. Members must disclose in writing, in advance, or as soon as possible after becoming aware of them, all conflicts or *potential* conflicts of interest, including financial interests or other relationships in any matter or transaction involving the Institute, and all consulting arrangements that might relate to or interfere with their obligations to the Institute, that they or any of their related persons may have. Member must annually attest in writing that they have made all necessary disclosures in a timely manner and have read, understood, and complied with the KGI Code of Conduct as well as with the policies and procedures that relate to it (including the Conflict of Interest Policy).

Submission of disclosures related to conflicts of interest, their review and resolution are handled by the following appropriate authorities:

- 1. In the case of faculty and staff, disclosures must be submitted to the Senior Vice President for Academic Affairs. If judged to be material⁴ by the Senior Vice President for Academic Affairs, the disclosure will be investigated and recommendations formulated by the Conflict Monitoring Committee (CMC), a joint faculty/staff committee at KGI. CMC’s recommendations must be approved by the President before they are effective and, together with conflict disclosures, will be reported periodically to the Board of Trustees.

³ For purposes of this policy, spin-off companies include those entities [1] created, sponsored or promoted either by KGI or by a member of KGI [on KGI time or with support from KGI or its employees, students, facilities, equipment or other property (including intellectual property) or services], or [2] in which KGI holds, or will hold, an equity interest (including any interest convertible into equity), or [3] to which KGI otherwise extends material support in the form of finances, facilities, equipment, or other property (including intellectual property), personnel, or other services.

⁴ Generally speaking,, when considering financial conflicts, if payments in the aggregate from any third party (or parties) in a prior 12-month period are less than \$10,000, or if the receipt or purchase of equity interests, or rights convertible into equity interests, in a company (or companies) is less than five percent of the total equity interest in the company and has a value of less than \$10,000, it will not be considered material enough to require disclosure unless it presents a conflict or potential conflict of interest with KGI

2. In the case of an officer or trustee, disclosures must be submitted to the Chair of the Audit and Risk Management Committee (A&RMC) of the Board of Trustees. The Committee will investigate and submit recommendations to the Board of Trustees for approval.
 3. Once disclosed or reported, the conflicting or potentially conflicting activity must be avoided until considered and authorized by the appropriate designated authorities at KGI.
- H. Detailed information on when and how to disclose potential, suspected or actual conflicts of interest, as well as the process for review and action (if any) related to such conflicts is set forth in Section IX of the Faculty Handbook, in the Operational Policies section of the Staff Handbook, and posted at the dedicated trustee electronic site.
- I. If a reported conflict or potential conflict of interest exception is allowed to exist by the CMC, the A&RMC or the Board, it must be reconsidered at least annually and whenever modified in any material respect.
- J. Failure to comply with the Institute's conflict of interest policy is a serious matter that provides grounds for disciplinary action, and may result in the termination of the member's relationship with KGI.
- K. Management will present summary reports no less frequently than annually to the A&RMC and/or the full Board, of all disclosures received and their disposition.
- L. Records of all proceedings and deliberations related to conflict of interest matters will be prepared and maintained by the appropriate authorized body, consistent with the Institute's record retention policies.

Approved by the Board of Trustees – October 18, 2006